



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated March 1, 2021)

Drafting Number:	LLS 21-0078	Date:	March 10, 2021
Prime Sponsors:	Rep. Larson; Roberts Sen. Bridges; Priola	Bill Status:	House Finance
		Fiscal Analyst:	Anna Gerstle 303-866-4375 Anna.Gerstle@state.co.us

Bill Topic: CONTINUE ALCOHOL BEVERAGE TAKEOUT & DELIVERY

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill continues the sale of alcohol as part of takeout and delivery orders. The bill increases state and local revenue and expenditures on an ongoing basis beginning in FY 2021-22.

Appropriation Summary: In FY 2021-22, the bill requires an appropriation of \$63,274 to the Department of Revenue.

Fiscal Note Status: This fiscal note reflects the introduced bill, as amended by the House Business Affairs and Labor Committee.

**Table 1
State Fiscal Impacts Under HB 21-1027**

		Current Year FY 2020-21	Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	Cash Funds	-	\$80,520	\$80,520
	Total Revenue	-	\$80,520	\$80,520
Expenditures	Cash Funds	-	\$63,274	\$67,910
	Centrally Appropriated	-	\$11,736	\$15,100
	Total Expenditures	-	\$75,010	\$83,010
	Total FTE	-	0.8 FTE	1.0 FTE
Transfers		-	-	-
TABOR Refund		-	-	-

Summary of Legislation

Under current law, certain liquor licensees may sell alcohol as part of takeout and delivery orders through July 1, 2021. The bill continues takeout and delivery through July 1, 2026.

Under the bill, the following licensees may offer alcohol as part of takeout orders:

- manufacturers and wholesalers with an approved sales room;
- beer and wine;
- hotel and restaurant;
- tavern;
- brewpub;
- club;
- vintner's restaurant;
- distillery pub;
- lodging and entertainment; and
- fermented malt beverage retailers.

The following licensees may offer alcohol as part of delivery orders:

- beer and wine;
- bed and breakfast;
- hotel and restaurant;
- tavern;
- optional premises;
- retail gaming tavern;
- brewpub;
- club;
- arts;
- racetrack;
- public transportation;
- vintner's restaurant;
- distillery pub; and
- lodging and entertainment.

In addition, the bill specifies that manufacturers and wholesalers operating sales rooms may only deliver through January 2, 2022, and increases the quantity limits allowed for each takeout and delivery order.

Background

Senate Bill 20-213 allowed the certain liquor licensees to sell alcohol as part of takeout and delivery orders. Licensees must have a permit issued by the Department of Revenue (DOR), and must meet certain requirements, including quantity limits and the portion of revenue from takeout and delivery. However, certain restrictions, including the permit requirement, do not apply if the Governor has declared a disaster emergency. Colorado is currently in a disaster emergency pursuant to the Governor's Executive Order D 2021 045.

Assumptions

The fiscal note assumes that Colorado will be under a declared disaster emergency through August 2021, and permits will not be required prior to that date. Should the disaster emergency last longer or end sooner, the revenue and expenditures identified in this fiscal notes will change.

It is estimated that 8,125 licensees are likely to consider obtaining a takeout and delivery permit once the disaster emergency is lifted. The fiscal note assumes that 90 percent (about 7,320 licensees) will apply for a permit in FY 2021-22.

State Revenue

The bill increases state revenue to the Department of Revenue by \$80,520 per year starting in FY 2021-22. Permit fee revenue is deposited in the Liquor Enforcement Division Cash Fund and is subject to TABOR.

Fee impact on takeout and delivery permittees. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the Liquor Enforcement Division based on cash fund balance, estimated program costs, and the estimated number of permits. The table below identifies the fee impact of this bill.

**Table 2
 Fee Impact on Takeout and Delivery Permittees**

Fiscal Year	Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2021-22	Takeout & Delivery Permit Fee	\$11.00	7,320	\$80,520
FY 2022-23	Takeout & Delivery Permit Fee	\$11.00	7,320	\$80,520

State Expenditures

The bill increases state expenditures for the Department of Revenue by \$75,010 in FY 2021-22 and \$83,010 in FY 2022-23. Costs are paid from the Liquor Enforcement Division Cash Fund and listed in Table 3.

**Table 3
 Expenditures Under HB21-1027**

	FY 2021-22	FY 2022-23
Department of Revenue		
Personal Services	\$41,294	\$56,360
Operating Expenses	\$1,080	\$1,350
Capital Outlay Costs	\$6,200	-
Computer Programming	\$4,500	-
Delivery Compliance Checks	\$10,200	\$10,200
Centrally Appropriated Costs ¹	\$11,736	\$15,100
Total Cost	\$75,010	\$83,010
Total FTE	0.8 FTE	1.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Staff costs. The department requires 0.8 FTE in FY 2021-22 and 1.0 FTE in FY 2021-22 to process permit applications and conduct delivery compliance checks. It is estimated that 10 minutes is required per application, and that between one and three hours are required per compliance check. The fiscal note assumes that compliance checks related to takeout will be incorporated into currently conducted compliance checks and that checks related to delivery will occur on 5 percent of permittees per year. Staffing costs are prorated for an assumed September 1 start date.

Delivery compliance checks. The fiscal note estimates that 24 compliance operations in FY 2021-22 and 24 compliance operations in FY 2022-23 will be conducted, each checking 30 licensees and costing \$425 each, including a minor contractor, product, and delivery location. Should additional appropriations for enforcement be required in subsequent years, the department will request additional cash fund spending authority through the annual budget process.

Computer programming. The MyLo licensing system must be modified to accommodate the takeout and delivery permit, at a one-time cost of \$4,500.

TABOR refunds. Under the December 2020 Legislative Council Staff Economic and Revenue Forecast, the state is not expected to collect revenue above the TABOR limit in either FY 2021-22 or FY 2022-23, and refund obligations are not anticipated for these years. This bill does not change these expectations concerning refunds to taxpayers.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$11,736 in FY 2021-22 and \$15,100 in FY 2022-23.

Local Government

The bill increases revenue and workload for the local licensing authorities that choose to require a permit for takeout and delivery of alcohol. Permit fee revenue and associated costs will vary by local jurisdiction.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

In FY 2021-22, the bill requires an appropriation of \$63,274 from the Liquor Enforcement Division Cash Fund to the Department of Revenue, and 0.8 FTE.

State and Local Government Contacts

Revenue